

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6334

BILL NUMBER: HB 1174

NOTE PREPARED: Dec 18, 2011

BILL AMENDED:

SUBJECT: Tax Sale Redemption Interest Rates.

FIRST AUTHOR: Rep. Goodin

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: No Fiscal Impact

Summary of Legislation: This bill reduces the interest rate that a taxpayer must pay to redeem property that is sold at a tax sale from 10% to 6% if the property is redeemed within six months, from 10% to 6% per annum on amounts paid over the minimum bid and for taxes and special assessments paid after the date of sale, and from 15% to 10% if the property is redeemed after six months.

Effective Date: July 1, 2012.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Under this bill, the county auditor would have to replace the current fee structure on the notice that is prepared for the tax sale. The impact would be negligible. However, the individual who intends to redeem the property would pay between 33% and 40% less in fees and interest payments.

Background Information: Property sold to an individual (referred to as the purchaser) at a tax sale may be redeemed at any time within one (1) year after the date of the sale. Under current law, the purchaser of the property will receive a refund equal to 110% of the minimum bid (106% under this provision) for which the property was offered at the time of the sale if the property is redeemed within six months after the sale; or 115% (110% under this provision) if the property is redeemed more than six months after the sale. The purchaser is also entitled to receive a refund of the amount by which the purchase price exceeds the minimum bid plus interest at the rate of 10% per annum (6% under this provision). Additionally, if the purchaser paid

any taxes and special assessments, the purchaser will be fully reimbursed for these expenses plus interest at the rate of 10% per annum (6% under this provision).

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: County Auditors.

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.